

## Message Text

UNCLASSIFIED

PAGE 01 LIMA 07167 071451Z

65

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 PA-02 PRS-01 /097 W

----- 046673

R 062332Z AUG 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 1310

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

UNCLAS LIMA 7167

EO 11652: NA

TAGS: ECIN, EGEN

SUBJ: ANDEAN PACT: CHILE REMAINS ADAMANT AS OTHER MEMBERS

SEEK TO IMPOSE ADOPTION OF ADDITIONAL PROTOCOL

REF: LIMA 6437

1. SUMMARY: AFTER THREE DAYS OF CLOSED DOOR MEETINGS, THE FIRST PERIOD OF THE 20 TH ORDINARY SESSION OF THE ANDEAN PACT COMMISSION ENDED WITH A PUBLIC DISPLAY OF THE DIVISION WITHIN THE GROUP. ALL BUT CHILE SUBSCRIBED TO THE NEWLY AMENDED ADDITIONAL PROTOCOL (DECISION 100) WHICH IS TO BE RATIFIED BY THE RESPECTIVE GOVERNMENTS WITHIN SIXTY DAYS. IT WILL THEN ENTER IN FORCE EVEN IF NOT RATIFIED BY ALL MEMBERS. CHILE STRONGLY REJECTED THE MOVE AND REPEATED DEMANDS FOR MODIFICATION OF DECISION 24 AND THE COMMON EXTERNAL TARIFF. END SUMMARY.

2. THE DELEGATES TO THE 20TH ORDINARY SESSION OF THE

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LIMA 07167 071451Z

ANDEAN PACT COMMISSION WHICH OPENED AUGUST 2 WERE UNABLE

TO RECONCILE THE MAJORITY OPINION WITH CHILE'S DEMANDS FOR EXTENSIVE MODIFICATION OF BASIC TENETS OF THE PACT. THE SESSION RECESSED AUGUST 4 AFTER A SERIES OF CLOSED MEETINGS ATTENDED ONLY BY THE PRINCIPALS. THE COMMISSION WILL RECONVENE AUGUST 30.

3. AT THE BRIEF PUBLIC SESSION, VENEZUELAN REP REYNALDO FIGUEREDO PLANCHART SPOKE ON BEHALF OF THE FIVE-COUNTRY MAJORITY. HE RECALLED THAT DECISION 100 (THE ADDITIONAL PROTOCOL EXTENDING FOR TWO YEARS THE ORIGINAL DEADLINES FOR THE LIBERATION PROGRAM AND THE COMMON EXTERNAL TARIFF) HAD BEEN ADOPTED UNANIMOUSLY AFTER EXTENSIVE CONSULTATION. THE FIVE COUNTRIES CONSIDERED THE ADDITIONAL PROTOCOL A PROPER STEP TO FURTHER INTEGRATION AND AGREED: (A) TO SIGN THE PROTOCOL TO THE AGREEMENT OF CARTAGENA AS RECOMMENDED TO THE GOVERNMENTS BY DECISION 100, (B) TO REOPEN THE WORK OF THE COMMISSION AUGUST 30, (C) TO SOLICIT THE GOOD OFFICES OF THE COMMISSION PRESIDENT AND THE JUNTA TO RESOLVE THE DIFFERENCES WITHIN THE COMMISSION, AND (D) TO EXPRESS FULL CONFIDENCE THAT WITHIN A BRIEF TIME ALL MEMBER COUNTRIES WOULD SUBSCRIBE AND RATIFY IN ORDER TO CONTINUE THE COMMON EFFORT TO ADVANCE THE IDEALS OF A UNITED LATIN AMERICA.

4. THE CHILEAN REP., ECONOMIC MINISTER SERGIO DE CASTRO, THEN READ A DECLARATION GIVING THE GROUNDS FOR CHILEAN ABSTENTION. THE DECLARATION STATED THAT CHILE HAD MADE CLEAR ITS RESERVATIONS OVER THE APPLICATION OF CERTAIN MECHANISMS OF THE AGREEMENT. THESE APPLICATIONS IMPOSE SACRIFICES UNACCEPTABLE TO THE DEVELOPING ECONOMY OF CHILE AND TO OTHER MEMBER COUNTRIES. IT IS A FACT THAT DECISION 24 (TREATMENT OF FOREIGN CAPITAL) IS SO RIGID AND ANACHRONISTIC THAT IT IMPEDES THE FLOW OF FOREIGN CAPITAL. IT HAS THE EFFECT OF CONDEMNING THE POPULATION TO A LOW LEVEL OF DEVELOPMENT OR REQUIRING EXTREME SCRIFICE TO GENERATE INTERNAL SAVING. MOREOVER, A HIGH COMMON TARIFF OBLIGES CONSUMERS TO PAY HIGHER PRICES, SUSTAINS INEFFICIENT PRODUCTION, PRECLUDES EXTENDING INTEGRATION TO OTHERS, SUCH AS THE ALALC UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LIMA 07167 071451Z

MEMBERS, AND ENCOURAGES THE CREATION OF DUPLICATIVE INDUSTRIES IN EACH COUNTRY.

5. DE CASTRO SAID THAT BASED ON THE OFFICIAL AND UNOFFICIAL STATEMENTS OF THE OTHER MEMBERS, CHILE HAD ENTERED THE PRESENT SESSION WITH THE HOPE THAT THE AGREEMENT COULD BE MODIFIED AS REQUIRED. FOR REASONS NOT THE RESPONSIBILITY OF CHILE, THIS DID NOT RESULT

AS ANTICIPATED. THE SIMPLE EXTENSION OF DEADLINES  
WILL LEAD TO NOTHING WITHOUT THE SOLUTION TO THE  
BASIC PROBLEMS WHICH AFFECT THE INTEGRATION PROCESS.  
MOREOVER, THE PROTOCOL AS SUBMITTED IS NOT EVEN THE  
SAME AS THAT CONTAINED IN DECISION 100 AND CONSEQUENTLY  
SHOULD BE TREATED AS A NEW DECISION REQUIRING ALL THE  
FORMALITIES OF APPROVAL.

6. DE CASTRO'S CHARGE THAT DECISION 100 HAD BEEN  
ALTERED REFERS TO THE ADDITION OF AN ARTICLE 14. THE  
ADDED ARTICLE STATES THAT THE PROTOCOL WOULD ENTER INTO  
EFFECT WHEN THE MEMBER COUNTRIES HAVE RATIFIED IT IN  
ACCORDANCE WITH THEIR LEGAL PROCEDURES AND HAVE COMMUNICATED  
THE RATIFICATION TO THE EXECUTIVE SECRETARY OF THE ALALC.  
IF, WITHIN 60 DAYS FROM AUGUST 4, THE PROTOCOL IS NOT  
THEN IN FORCE, IT WILL AUTOMATICALLY BECOME  
EFFECTIVE, THROUGH WHETHER IT WOULD BE DECLARED EFFECTIVE  
FOR MEMBERS THAT HAVE NOT RATIFIED AS WELL AS THOSE THAT  
HAVE WAS NOT MADE CLEAR.

7. COMMENT: THE COMMISSION HAS NOW GIVEN ITSELF AN  
ADDITIONAL SIXTY DAYS IN WHICH TO RESOLVE THEIR DIFFERENCES.  
HOWEVER, BY INSISTING THAT THE PROTOCOL BE ADOPTED EVEN  
WITHOUT CHILE'S CONCURRENCE, THE MAJORITY HAS FURTHER  
ACKNOWLEDGED CHILE'S ALIENATION AND MADE RECONCILIATION  
THAT MUCH MORE DIFFICULT.  
SMITH

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DISPUTES, PLANNING MEETINGS, TARIFFS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976LIMA07167  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760305-0332  
**From:** LIMA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760880/aaaacryu.tel  
**Line Count:** 142  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 LIMA 6437  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** SmithRJ  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12 APR 2004 by ReddocGW>; APPROVED <10 DEC 2004 by SmithRJ>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ANDEAN PACT: CHILE REMAINS ADAMANT AS OTHER MEMBERS SEEK TO IMPOSE ADOPTION OF ADDITIONAL PROTOCOL  
**TAGS:** ECIN, EGEN, PE, CI, ANCOM  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006